

SECOND REGULAR SESSION

HOUSE BILL NO. 1374

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES COX (Sponsor), DIEHL, WALKER, WILSON, CRAWFORD,
DUGGER, SHULL, ENGLISH AND SPENCER (Co-sponsors).

4473H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 416, RSMo, by adding thereto four new sections relating to bad faith assertions of patent infringement.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 416, RSMo, is amended by adding thereto four new sections, to be known as sections 416.650, 416.652, 416.654, and 416.656, to read as follows:

416.650. For purposes of sections 416.650 to 416.656, the following terms shall mean:

(1) “Demand letter”, a letter, email, or other communication asserting or claiming that a target has engaged in patent infringement;

(2) “Target”, a person:

(a) Who has received a demand letter or against whom an assertion or allegation of patent infringement has been made;

(b) Who has been threatened with litigation or against whom a lawsuit has been filed alleging patent infringement; or

(c) Whose customers have received a demand letter asserting that the person’s product, service, or technology has infringed a patent.

416.652. 1. No person shall make a bad faith assertion of patent infringement.

2. A court may consider the following factors as evidence that a person has made a bad faith assertion of patent infringement:

(1) The demand letter does not contain the following information:

(a) The patent number;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

6 (b) The name and address of the patent owner or owners and assignee or assignees,
7 if any; and

8 (c) Factual allegations concerning the specific areas in which the target's products,
9 services, or technology infringe the patent or are covered by the claims in the patent;

10 (2) Prior to sending the demand letter, the person fails to conduct an analysis
11 comparing the claims in the patent to the target's products, services, or technology, or such
12 an analysis was done but does not identify specific areas in which the products, services,
13 or technology are covered by the claims in the patent;

14 (3) The demand letter lacks the information described in subdivision (1) of this
15 subsection, the target requests the information, and the person fails to provide the
16 information within a reasonable period of time;

17 (4) The demand letter demands payment of a license fee or response within an
18 unreasonably short period of time;

19 (5) The person offers to license the patent for an amount that is not based on a
20 reasonable estimate of the value of the license;

21 (6) The claim or assertion of patent infringement is meritless, and the person knew,
22 or should have known, that the claim or assertion is meritless;

23 (7) The claim or assertion of patent infringement is deceptive;

24 (8) The person, company, or any of its subsidiaries or affiliates has previously filed
25 or threatened to file one or more lawsuits based on the same or similar claim of patent
26 infringement and:

27 (a) Those threats or lawsuits lacked the information described in subdivision (1)
28 of this subsection; or

29 (b) The person attempted to enforce the claim of patent infringement in litigation
30 and a court found the claim to be meritless; and

31 (9) Any other factor the court finds relevant.

32 3. A court may consider the following factors as evidence that a person has not
33 made a bad faith assertion of patent infringement:

34 (1) The demand letter contains the information described in subdivision (1) of
35 subsection 2 of this section;

36 (2) If the demand letter lacks the information described in subdivision (1) of
37 subsection 2 of this section and the target requests the information, the person provides the
38 information within a reasonable period of time;

39 (3) The person engages in a good faith effort to establish that the target has
40 infringed the patent and to negotiate an appropriate remedy;

41 (4) The person makes a substantial investment in the use of the patent or in the
42 production or sale of a product or item covered by the patent;

43 (5) The person is:

44 (a) The inventor or joint inventor with the patent or, in the case of a patent filed
45 by and awarded to an assignee of the original inventor or joint inventor, is the original
46 assignee; or

47 (b) An institution of higher education or a technology transfer organization owned
48 or affiliated with an institution of higher education;

49 (6) The person has:

50 (a) Demonstrated good faith business practices in previous efforts to enforce the
51 patent, or a substantially similar patent; or

52 (b) Successfully enforced the patent or a substantially similar patent through
53 litigation; and

54 (7) Any other factor the court finds relevant.

 416.654. Upon motion by a target and a finding by the court that a target has
2 established a reasonable likelihood that a person has made a bad faith assertion of patent
3 infringement in violation of sections 416.650 to 416.656, the court shall require the person
4 to post a bond in an amount equal to a good faith estimate of the target's costs to litigate
5 the claim and amounts reasonably likely to be recovered under section 416.656,
6 conditioned upon payment of any amounts finally determined to be due to the target. A
7 hearing shall be held if either party so requests. A bond ordered under this section shall
8 not exceed two hundred fifty thousand dollars. The court may waive the bond requirement
9 if it finds the person has available assets equal to the amount of the proposed bond or for
10 other good cause shown.

 416.656. 1. Bad faith assertions of patent infringement present an unlawful
2 restraint of trade or commerce.

3 2. A target accused of patent infringement or a person aggrieved by a violation of
4 the requirements of sections 416.650 to 416.656 may bring an action in circuit court. A
5 court may award the following remedies to a plaintiff who prevails in an action brought
6 pursuant to this section:

7 (1) Equitable relief;

8 (2) Damages;

9 (3) Costs and fees, including reasonable attorney's fees; and

10 (4) Exemplary damages in an amount equal to fifty thousand dollars or three times
11 the total amount of damages, costs, and fees, whichever is greater.

12 **3. The attorney general's authority under this chapter to investigate, restrain, and**
13 **prosecute civil actions under the Missouri antitrust law shall apply to investigating and**
14 **prosecuting actions under sections 416.650 to 416.656. In an action brought by the**
15 **attorney general under this chapter the court may award or impose any relief available to**
16 **a person under sections 416.650 to 416.656. Monetary awards or settlements recovered by**
17 **the attorney general, aside from awards to a target, may be credited to the antitrust**
18 **revolving fund and be similarly available for the payment of all costs and expenses**
19 **incurred by the attorney general in investigation, prosecution, or enforcement of the**
20 **provisions of sections 416.650 to 416.656.**

21 **4. Sections 416.650 to 416.656 shall not be construed to limit the rights or remedies**
22 **available to any person or the state under any other law with regard to conduct involving**
23 **assertions of patent infringement.**

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